

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE DIRECTOR
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Be energy efficient!*

January 22, 2009

Dear Proposition 1B Recipients:

The purpose of this letter is to provide you with the most current information regarding funding needed to support Proposition 1B projects. As communicated in my December 19, 2008, letter, the Pooled Money Investment Board (PMIB) acted on December 17, 2008, to suspend disbursements from the Pooled Money Investment Account (PMIA). The California Department of Transportation (Caltrans) relies upon these disbursements for all bond-funded projects.

The PMIB met on January 16, 2008, to reevaluate the suspension of disbursements from the PMIA. Staff to the PMIB reported that the State's fiscal crisis combined with weak financial markets continue to prevent the sale of General Obligation (GO) bonds or other borrowing necessary to sustain Proposition 1B programs. As a result, the PMIB voted to continue the suspension of disbursements except for a total of \$650 million to cover bond-funded administrative costs and the estimated value of unpaid bills for work already performed on a limited number of projects identified by the California Department of Finance (DOF). In the absence of a budget solution to improve the State's cash position, this amount represents the maximum that can be distributed between now and the end of the fiscal year. The DOF Director Michael Genest reported that the disbursement amount may need to be reduced if a budget solution is not reached by February 1, 2009.

Caltrans has requested that a portion of the disbursements authorized by the PMIB be directed to 98 bond-funded transportation projects with contracts awarded before December 17, 2008. An attachment to the PMIB staff report indicates that approximately \$153 million of the \$650 million authorized by the PMIB could be made available to Caltrans for these projects. Unless the DOF must reduce this amount, Caltrans should be able to reimburse recipient agencies for eligible expenditures included in invoices submitted to date and continue to make reimbursements through mid-February. Since the DOF may need to reduce disbursement, our ability to continue making reimbursements beyond February 1, 2009, is at this time unknown. Unless your agency has cash-flow available to cover contract expenditures for a considerable period, you should consider steps to manage the work to contain costs within your existing resources. You may continue to submit invoices in accordance with existing procedures, but please recognize that, as of today, there is no guarantee of timely reimbursement. The State intends to ultimately reimburse you for all eligible costs when funds become available.

An additional 57 projects have received an allocation of Proposition 1B funds but are not being considered for an exemption as these projects had not, according to our records, awarded a construction contract before December 17, 2008. I again strongly suggest that you

not enter into any new contract or make any other commitment that requires Proposition 1B funds at this time.

The list of projects that received an allocation of Proposition 1B funds can be found at the website listed below. The referenced document includes the 98 projects with an awarded construction contract as well as the 57 projects that do not have an awarded construction contract. The projects are also sorted by those with construction contracts awarded by Caltrans and contracts awarded by others. Individual recipient agencies will receive a separate communication to ensure that there is no misunderstanding about the specific projects affected by the PMIB's decision.

<http://www.dot.ca.gov/hq/transprog/ibond/081222Combined-PMIAlist.pdf>

If you have any questions regarding this matter, please contact Ross Chittenden, Proposition 1B Program Manager, at ross_chittenden@dot.ca.gov or at (916) 654-4252.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Kempton", followed by a long horizontal flourish.

WILL KEMPTON
Director

c: Dale E. Bonner, Secretary, Business, Transportation and Housing Agency
John Barna, Executive Director, California Transportation Commission
Ross Chittenden, Proposition 1B Program Manager